

Umkhandlu wakwa-**NONGOMA**-  
Municipality



ANNUAL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

**Umkhandlu wakwa-NONGOMA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS 2006.**

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**GENERAL INFORMATION**

**MEMBERS OF THE EXECUTIVE COMMITTEE**

**Councillor / Alderman:**

|               |              |
|---------------|--------------|
| J B Khumalo   | MAYOR        |
| N.Hlongwa     | SPEAKER      |
| J M Potgieter | DEPUTY MAYOR |
| T M Dludla    | COUNCILLOR   |
| N S Gazu      | COUNCILLOR   |
| P H Mncwango  | COUNCILLOR   |
| S M Zulu      | COUNCILLOR   |
| M B Mabhika   | COUNCILLOR   |

**GRADING OF LOCAL AUTHORITY**

Grade 3

**AUDITORS**

Auditor – General

**BANKERS**

First National Bank, Nongoma

**REGISTERED OFFICE**

102 Main Street  
P. O. Box 84  
Nongoma  
3950  
Telephone : 035 – 831 0004  
Fax : 035 – 831 3152

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**GENERAL INFORMATION (cont)**

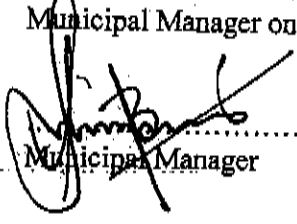
**MUNICIPAL MANAGER**

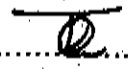
Mr S I Mabaso

**CHIEF FINANCIAL OFFICER**

Mr T S Dlamini  
National Diploma in Accounting, CIBM, CFA (SA).

These financial statements as set out on pages 15 to 29 were approved by the  
Municipal Manager on 29 August 2006

  
.....  
Municipal Manager

  
.....  
Chief Financial Officer

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**MAYOR'S FOREWORD**

Each year additional responsibilities are placed on Municipalities by Government and this coupled with the low payment levels for services by consumers is placing extreme pressures on the finances, not only of Nongoma Municipality, but all municipalities throughout the country.

The transition of the past year brought with it a strong foundation for future development of Municipalities, especially for Nongoma Municipality. During the year under review Local Governments have had to elect their new leadership.

For the Nongoma Municipality, the elections were very successful and no incidents were reported.

The new leadership and those members of Council that have been re-elected have brought new experiences and have shown good commitment in developing further on the stable foundation that has been set.

I wish to thank all those involved in the Nongoma Municipal area who have worked tirelessly in making our jurisdictional area a pleasant environment to live and work in.

I wish to compliment the Executive Committee for the good fiscal discipline observed during the last financial year.

Finally, I want to thank The Municipal Manager, Chief Financial Officer, members of the Finance staff and the staff of the other Directorates for the excellent work performed during the last financial year.

  
Councillor J.B. Khumalo  
MAYOR

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**REPORT OF THE AUDITOR-GENERAL**

To be inserted.

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**CHIEF FINANCIAL OFFICER'S REPORT**

**1. OPERATING RESULTS**

Details of the operating results per department, classification and objects of expenditure are included in appendices D & E. The overall operating results for the year are as follows:

| <b>INCOME</b>             | <b>Actual<br/>2006<br/>R</b> | <b>Actual<br/>2005<br/>R</b> | <b>Variance<br/>2005/2006<br/>%</b> | <b>Budget<br/>2006<br/>R</b> | <b>Variance<br/>Actual/<br/>Budget<br/>%</b> |
|---------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|----------------------------------------------|
| Operating Income          | 26,471,416                   | 20,515,363                   | 29.03 %                             | 32,251,959                   | 21.84%                                       |
| Prior Year<br>Adjustment  | 442,781                      |                              |                                     |                              |                                              |
| Total                     | 26,914,197                   | 20,515,363                   |                                     | 32,251,959                   |                                              |
| <b>EXPENDITURE</b>        |                              |                              |                                     |                              |                                              |
| Operating<br>Expenditure  | 28,977,648                   | 20,420,688                   | 41.9%                               | 28,920,653                   | .002%                                        |
| Unappropriated<br>surplus | 1,225,505                    | 4,178,700                    |                                     |                              |                                              |
| Total                     | 29,318,158                   | 24,599,388                   |                                     | 28,920,653                   |                                              |

The overall deficit on the operating account of (R 2,506,232) compared to the previous year of R 94,675. shows a considerable increase and this is attributed to the increases in repairs and maintenance and general expenses.

Issues of staffing have improved with two interns being appointed in the Finance Section and these individuals will surely have a positive impact of the maintenance of better accounting information. Other Departments have advertised posts and the skills that will be acquired will improve future service delivery. The following breakdown shows the expenditure and percentages of expenditure by cost centre against total costs:

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**2. CAPITAL EXPENDITURE**

Expenditure on fixed assets during the year was R 1,091,224, further details are provided on Appendix C. These purchases were funded from Grants and Contributions from Revenue.

**CAPITAL EXPENDITURE AND FINANCING**

|                      | <b>Actual<br/>2006<br/>R</b> | <b>Actual<br/>2005<br/>R</b> | <b>Budget<br/>2006<br/>R</b> |
|----------------------|------------------------------|------------------------------|------------------------------|
| Infrastructure       |                              | 21,624                       | 2,753,306                    |
| Buildings            | 525,353                      | 546,013                      |                              |
| Furniture & Fittings | 113,254                      | 126,532                      | 205,000                      |
| Plant & Equipment    | 101,905                      | 76,759                       | 73,000                       |
| Sewerage             | 171,025                      | 52,632                       |                              |
| Vehicles             | 179,687                      |                              | 300,000                      |
| Total                |                              |                              |                              |
|                      | <b>1,091,224</b>             | <b>823,559</b>               | <b>3,331,306</b>             |

The above assets were funded as follows:

|                    | <b>Actual<br/>2006<br/>R</b> | <b>Actual<br/>2005<br/>R</b> | <b>Budget<br/>2006<br/>R</b> |
|--------------------|------------------------------|------------------------------|------------------------------|
| Grants & Subsidies | 943,337                      | 530,325                      | 1,338,306                    |
| Operating Income   | 147,887                      | 293,234                      | 1,993,000                    |
| Total              | <b>1,091,224</b>             | <b>823,559</b>               | <b>3,331,306</b>             |

**3. INVESTMENTS**

Investments made to year end of 30 June 2006 amounted to R 1 614 908 (2005 R 2 381 575) and details are provided in note 7 of the notes to the financial statements.

**4. FUNDS, RESERVES AND PROVISIONS**

A provision has been made for the leave pay. In the current year leave payments have been made in accordance with the leave policy whereby unutilized leave will be paid out at the end of the leave cycle.

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The provision for doubtful debts has not been changed R4 191 987 as it is considered adequate to cover the doubtful debts. The Municipality is currently compiling a detailed list of debtors and a report/reports will be tabled for Council decision. The provision has been disclosed as part of the accounts receivable balance.

More information regarding funds, reserves and provisions are disclosed in Appendix A to the financial statements.

**5. THE FUTURE**

The future for the Municipality does not look extremely positive with the Municipality receiving Grant funding for the completion of the new Library and two new Housing projects. It is hoped that these houses will be complete in due course and will enhance the Rates base of the Municipality.

I would like to thank the Mayor, Council, Executive Committee and the staff for their support they have provided during the year.

Mr T.S. Dlamini  
Chief Financial Officer

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|                            |
|----------------------------|
| <b>ACCOUNTING POLICIES</b> |
|----------------------------|

**1. Basis of Presentation**

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition, January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in accounting policy note 3. The accounting policies are consistent with those of the previous year except where otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:  
Income is accrued when measurable and collectable to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.  
Expenditure is accrued in the year it is incurred.

**2. Consolidation**

The financial statements include the Rate and General Services, Trading Services and the different funds and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal and monthly sewerage, electricity and water charges which are treated as income and expenditure in the respective departments.

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**3. Fixed Assets**

**3.1 Fixed Assets are stated:**

- at historical cost, or
- at valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation.

while they are in existence or fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.

**3.2. Depreciation**

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however certain structural differences do exist. By the way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make a further provision for depreciation.
- Grants or donations, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account

**3.3. All net proceeds from the sale of fixed property are credited to the Capital Development Fund.**

**3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. The loans redeemed and other capital receipts account is credited as the loans are repaid. Interest is**

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charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

**3.5. Other**

Fixed assets are disclosed on the Balance Sheet as the net of the original cost less the loans redeemed and other capital receipts.

**4. Inventory**

Inventory is valued at the lower of cost, determined on the average cost and net realizable value.

**5. Funds and Reserves**

**5.1 Capital Development Fund**

The Local Authorities Ordinance No. 25 of 1974 requires a minimum contribution of 3,0 percent of the defined income of a local authority, in this case rounded off to the nearest ten Rand. The Fund is used to finance capital expenditure, and the surplus funds are invested.

**5.2 Loan Redemption Fund**

The redemption of loans in Rates and General Services and Sewerage Service is provided for by annual repayment of advances made to the borrowing accounts calculated on the estimated life of assets acquired but subject to a limitation of a maximum of 30 years on the life of any individual asset. Internal loans are repaid in relation to the life of an asset. Redemption on State and Development Bank of South Africa loans is payable half yearly on an annual basis.

**5.3 Public Improvement Fund**

The fund is divided into 2 parts:

- The general section which receives funds from cash and land endowments and various other sources

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**5.4 Reserves**

All unspent funds received in the form of grants and subsidies is retained in the balance sheet as a reserve. The funds are accounted for in the income statement as income and expenditure in the year that the monies are spent.

**6. Provisions**

**6.1 Audit Fee**

The provision balance is stated at the estimated audit cost due and unpaid at year end.

**6.2 Leave Pay**

Provision has been made for the outstanding leave obligation as at 30 June 2006.

**7. Retirement Benefits**

The Nongoma Municipality and its employees contribute to the Natal Joint Municipal Pension Fund (Superannuation), the Natal Joint Municipal Pension Fund (Retirement) or the Natal Joint Municipal Pension Fund (Provident) which provides retirement benefits for such employees. The municipality's current contributions are charged against operating income.

**8. Surpluses and Deficits**

The surpluses or deficits arising from the operation of the Water and Sewerage Services are retained in those funds unless otherwise resolved by Council.

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**9. Treatment of Administration and Other Overhead Expenses**

The estimated costs of internal support services are transferred to the different departments.

**10. Investments**

Investments are shown at cost and are in securities prescribed in Section 125 of Ordinance 25 of 1974. They are considered to be risk-free.

**11. Income Recognition**

**11.1 Assessment Rates**

Assessment rates are levied on land and buildings and are billed annually.

Other income is billed each month based on consumption.

**12. Leased Assets**

Fixed assets held under finance leases are capitalized. Such assets are effectively amortized over the term of the lease agreement. Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilized in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged against the operating income on a monthly basis.

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|---------------------------------------------|-------|------------|--|------------|--|
| ANNUAL FINANCIAL STATEMENTS                 |       |            |  |            |  |
| BALANCE SHEET AS AT 30 JUNE 2006            |       |            |  |            |  |
|                                             |       | 2006       |  | 2005       |  |
|                                             | NOTES | R          |  | R          |  |
| <b>CAPITAL EMPLOYED</b>                     |       |            |  |            |  |
| <b>FUNDS AND RESERVES</b>                   |       |            |  |            |  |
| Accumulated Funds                           | 1     | 4,903,063  |  | 4,379,043  |  |
| Provisions and Reserves                     | 2     | 4,880,984  |  | 4,356,964  |  |
|                                             |       | 22,079     |  | 22,079     |  |
| Accumulated Surplus                         | 17    | 1,225,505  |  | 4,178,701  |  |
|                                             |       | 6,128,568  |  | 8,557,744  |  |
| <b>LIABILITIES</b>                          |       |            |  |            |  |
| Trust Funds                                 |       | 5,047,783  |  | 2,632,748  |  |
| Long Term Liabilities                       | 3     | 4,899,014  |  | 2,487,029  |  |
| Customer Deposits                           | 4     |            |  | 0          |  |
|                                             | 5     | 148,769    |  | 145,719    |  |
|                                             |       | 11,176,350 |  | 11,190,492 |  |
| Fixed Assets                                | 6     | 2,697,254  |  | 4,030,623  |  |
| Investments                                 | 7     | 1,614,908  |  | 2,381,575  |  |
| Long Term Debtors                           | 8     | 434,224    |  | 498,847    |  |
|                                             |       | 4,746,386  |  | 6,911,045  |  |
| <b>NET CURRENT ASSETS</b>                   |       |            |  |            |  |
|                                             |       | 6,429,964  |  | 4,279,446  |  |
| <b>CURRENT ASSETS</b>                       |       |            |  |            |  |
| Inventory                                   | 9     | 11,696,339 |  | 10,577,232 |  |
| Debtors                                     | 10    | 228,978    |  | 228,978    |  |
| Short term portion of long term debtors     | 8     | 11,283,193 |  | 10,146,223 |  |
| Cash                                        |       | 31,373     |  | 138,548    |  |
|                                             |       | 152,795    |  | 63,482     |  |
| <b>CURRENT LIABILITIES</b>                  |       |            |  |            |  |
| Provisions                                  | 11    | 5,266,374  |  | 6,297,786  |  |
| Creditors                                   | 12    | 1,231,899  |  | 1,099,286  |  |
| Short term portion of long term liabilities | 4     | 4,034,475  |  | 5,198,500  |  |
|                                             |       |            |  | 0          |  |
|                                             |       | 11,176,350 |  | 11,190,491 |  |

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INCOME STATEMENT FOR THE YEAR ENDED JUNE 2006

| 2005<br>Actual | 2005<br>Actual | 2005<br>Surplus<br>(Deficit)<br>R | 2005<br>Budget<br>Surplus<br>(Deficit)<br>R |                                                               | 2006<br>Actual<br>Income<br>R | 2006<br>Actual<br>Expenditure<br>R | 2006<br>Surplus<br>(Deficit)<br>R | 2006<br>Budget<br>Surplus<br>(Deficit)<br>R |
|----------------|----------------|-----------------------------------|---------------------------------------------|---------------------------------------------------------------|-------------------------------|------------------------------------|-----------------------------------|---------------------------------------------|
| 19,266,222     | 20,308,852     | -1,042,630                        | 254,093                                     | <b>RATES &amp; GENERAL<br/>SERVICES</b>                       | 25,231,035                    | 28,977,648                         | (3,746,613)                       | (448,216)                                   |
| 18,465,835     | 16,527,170     | 1,938,665                         | 4,496,301                                   | Community Services                                            | 24,377,698                    | 25,320,831                         | (943,133)                         | 3,355,247                                   |
| 1,042          | 231,825        | -230,783                          | (364,380)                                   | Subsidised Services                                           | 134                           | 327,066                            | (326,932)                         | (363,075)                                   |
| 799,345        | 3,549,857      | -2,750,512                        | (3,877,828)                                 | Economic Services                                             | 853,203                       | 3,329,751                          | (2,476,548)                       | (3,440,388)                                 |
| 1,249,141      | 111,836        | 1,137,305                         | 1,204,706                                   | <b>TRADING SERVICES</b>                                       | 1,240,381                     | 0                                  | 1,240,381                         | -                                           |
| 20,515,363     | 20,420,688     | 94,675                            | 1,458,799                                   | <b>TOTAL</b>                                                  | 26,471,416                    | 28,977,648                         | (2,506,232)                       | (448,216)                                   |
|                |                | 4,171,951                         |                                             | Appropriations for the year<br>(Refer to note 18)             |                               |                                    | (442,781)                         |                                             |
|                |                | 4,266,626                         |                                             | Net (deficit)/surplus for the year                            |                               |                                    | (2,949,013)                       |                                             |
|                |                | (87,926)                          |                                             | Accumulated Surplus/<br>(Deficit) at beginning of the<br>Year |                               |                                    | 4,174,518                         |                                             |
|                |                | 4,178,700                         |                                             | Accumulated (Deficit)/Surplus<br>at the End of the Year       |                               |                                    | 1,225,505                         |                                             |

| Umkhandlu wakwa-NONGOMA MUNICIPALITY           |       |                   |  |                    |
|------------------------------------------------|-------|-------------------|--|--------------------|
| CASH FLOW STATEMENT                            |       |                   |  |                    |
| FOR THE YEAR ENDED 30 JUNE 2006                |       |                   |  |                    |
|                                                | Notes | 2006              |  | 2005               |
| <b>Cash Retained From Operating Activities</b> |       |                   |  |                    |
| Cash Generated/(utilised) by Operations        | 18    | -4,487,334        |  | (2,925,041)        |
| Investment Income                              | 16    | -2,616,236        |  | 3,976,767          |
| (Increase)/Decrease in working capital         | 19    | 187,059           |  | 167,258            |
|                                                |       | -2,058,157        |  | -5,131,404         |
|                                                |       | -4,487,334        |  | (987,379)          |
| Less: External interest paid                   | 18    | 0                 |  | -                  |
| Cash Received from grants and Subsidies        |       |                   |  | -1,937,662         |
| <b>Cash Available from Operations</b>          |       | <b>-4,487,334</b> |  | <b>(2,925,041)</b> |
| <b>CASH UTILISED IN INVESTING ACTIVITIES</b>   |       |                   |  |                    |
| Investment in Fixed Assets                     |       | 1,333,389         |  | 823,559            |
| Investment in Long Term Debtors                |       | 64,623            |  | 185,242            |
| <b>NET CASH FLOW</b>                           |       | <b>-3,089,342</b> |  | <b>(1,916,240)</b> |
| <b>CASH EFFECTS OF FINANCING ACTIVITIES</b>    |       |                   |  |                    |
| Increase/(Decrease) in long term loans         | 20    |                   |  | (7,012)            |
| Increase/(Decrease) in Investments             | 21    | 766,667           |  | 1,787,119          |
| Increase/(Decrease) in Trust Funds             |       | 2,411,988         |  | 0                  |
| Increase/(decrease) in cash                    | 22    | -89,313           |  | 136,133            |
| Decrease in Long Term Debtors                  |       |                   |  | 0                  |
|                                                |       | 3,089,342         |  | 1,916,240          |

| Umkhanda Fakwa-NONGOMA MUNICIPALITY                                                        |            |           |
|--------------------------------------------------------------------------------------------|------------|-----------|
| NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006                                          |            |           |
|                                                                                            | 2006       | 2005      |
|                                                                                            | R          | R         |
| <b>1. ACCUMULATED FUNDS</b>                                                                |            |           |
| Capital Development Fund                                                                   |            |           |
| Public Improvement Fund                                                                    | 534,867    | 376,077   |
|                                                                                            | 4,346,117  | 3,980,887 |
| (Refer to appendix A for more detail)                                                      |            |           |
|                                                                                            | 4,880,984  | 4,356,964 |
| <b>2. PROVISIONS AND RESERVES</b>                                                          |            |           |
| Roads                                                                                      |            |           |
|                                                                                            | 22,079     | 22,079    |
| (Refer to appendix A for more detail)                                                      |            |           |
|                                                                                            | 22,079     | 22,079    |
| <b>3. TRUST FUNDS</b>                                                                      |            |           |
| Unspent Grants                                                                             |            |           |
|                                                                                            | -4,899,014 | 2,487,029 |
| See Annexure A for more detail                                                             | -4,899,014 | 2,487,029 |
| <b>4. LONG TERM LIABILITIES</b>                                                            |            |           |
| Annuity Loans                                                                              |            |           |
|                                                                                            | 0          | 0         |
| Less: Current portion transferred to                                                       |            |           |
| Current liabilities                                                                        | 0          | -         |
| Annuity Loans                                                                              |            |           |
|                                                                                            | 0          | 0         |
|                                                                                            | 0          | -         |
| Westbank Loan carries interest at prime plus 1%, the prime rate at commencement was 23.5%. |            |           |
| The loan will be redeemed on 29 Nov 2003.                                                  |            |           |
| The second loan was obtained from Toyota Financial Services, at an interest rate of 14.83% |            |           |
| and will be redeemed in September 2005.                                                    |            |           |
| (Refer to appendix B for more detail on long term liabilities)                             |            |           |
| <b>5. DEPOSITS</b>                                                                         |            |           |
| Electricity and Water                                                                      |            |           |
| Market Stalls                                                                              | 145,179    | 142,129   |
|                                                                                            | 3,590      | 3,590     |
|                                                                                            | 148,769    | 145,719   |

| NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006                                                                                                                                                                                                                                           |  | 2006        | 2005         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------|--------------|
|                                                                                                                                                                                                                                                                                             |  | R           | R            |
| <b>6. FIXED ASSETS</b>                                                                                                                                                                                                                                                                      |  |             |              |
| Fixed Assets at the beginning of the year                                                                                                                                                                                                                                                   |  | 32,567,626  | 31,742,559   |
| Capital expenditure during year                                                                                                                                                                                                                                                             |  | 1,091,224   | 823,559      |
| Adjustment to Opening Balance                                                                                                                                                                                                                                                               |  | 2           | 1,508        |
| Written off during the year                                                                                                                                                                                                                                                                 |  | 15,900      |              |
| Total fixed assets                                                                                                                                                                                                                                                                          |  | 33,642,952  | 32,567,626   |
| Less: Loans redeemed and other capital receipts                                                                                                                                                                                                                                             |  | -30,945,698 | (28,537,003) |
| Net fixed assets                                                                                                                                                                                                                                                                            |  | 2,697,254   | 4,030,623    |
| (Refer to appendix C and section 2 of the Treasurer's report for more details on fixed assets)                                                                                                                                                                                              |  |             |              |
| <b>7. INVESTMENTS</b>                                                                                                                                                                                                                                                                       |  |             |              |
| Unlisted                                                                                                                                                                                                                                                                                    |  |             |              |
| Long term deposit                                                                                                                                                                                                                                                                           |  | 588,613     | 554,645      |
| Short term and medium deposits                                                                                                                                                                                                                                                              |  | 1,026,294   | 1,826,930    |
|                                                                                                                                                                                                                                                                                             |  | 1,614,908   | 2,381,575    |
| Average return on Investments                                                                                                                                                                                                                                                               |  |             | 0.00%        |
| Long term investments comprise of funds invested in First National Bank, used as security for Bank overdraft, section 125 of the Local authorities Ordinance, No. 25 of 1974, requires local authorities to invest funds, which are not immediately required, with prescribed institutions. |  |             |              |
| No investments have been written off during the year.                                                                                                                                                                                                                                       |  |             |              |
| <b>8. LONG TERM DEBTORS</b>                                                                                                                                                                                                                                                                 |  |             |              |
| Land Sales                                                                                                                                                                                                                                                                                  |  | 269,171     | 269,171      |
| Vehicle Loans                                                                                                                                                                                                                                                                               |  | 196,426     | 368,225      |
|                                                                                                                                                                                                                                                                                             |  | 465,597     | 637,396      |
| Less: Current portion of Vehicle loans                                                                                                                                                                                                                                                      |  | -31,373     | (138,549)    |
|                                                                                                                                                                                                                                                                                             |  | 434,224     | 498,847      |
| Messrs Ngubane and Mabaso have taken Municipal loans for vehicle purchases.                                                                                                                                                                                                                 |  |             |              |
| Interest Rate = 8.5 %                                                                                                                                                                                                                                                                       |  |             |              |
| Period of Loan = 60 Months                                                                                                                                                                                                                                                                  |  |             |              |
| Repayment Terms = Salary Stop Order                                                                                                                                                                                                                                                         |  |             |              |
| Redemption date = May 2007                                                                                                                                                                                                                                                                  |  |             |              |

| NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 |             |             |
|---------------------------------------------------|-------------|-------------|
|                                                   | 2006        | 2005        |
|                                                   | R           | R           |
| <b>9. INVENTORY</b>                               |             |             |
| Rate and General Services                         | 94,992      | 94,993      |
| Water Service                                     | 62,930      | 62,930      |
| Electricity Service                               | 271,056     | 271,055     |
|                                                   | 428,978     | 428,978     |
| Less: Provision for obsolete inventory            | (200,000)   | (200,000)   |
|                                                   | 228,978     | 228,978     |
| Inventory represents consumable stores.           |             |             |
|                                                   |             |             |
| <b>10. DEBTORS</b>                                |             |             |
| Current debtors (consumer)                        | 13,096,679  | 11,274,662  |
| Debtors Other                                     | 109,598     | 1,423,165   |
| Value Added Tax Claim                             | 1,640,383   | 1,640,383   |
| PAYE Debtors                                      | 628,519     |             |
| Salary Suspense                                   |             | 0           |
|                                                   | 15,475,179  | 14,338,210  |
| Less: Bad Debts Provision 38.5%                   | (4,191,987) | (4,191,987) |
|                                                   | 11,283,193  | 10,146,223  |
| Debtors Days                                      |             | 0           |
| <b>11. PROVISIONS</b>                             |             |             |
| Audit Fee                                         | 88,328      | 88,328      |
| Leave                                             | 1,143,570   | 1,010,958   |
|                                                   | 1,231,898   | 1,099,286   |
| (Refer to Appendix A for more detail)             |             |             |
| <b>12. CREDITORS</b>                              |             |             |
| Trade Creditors                                   | 0           | 691,081     |
| Current creditors                                 | 285,824     | 245,696     |
| Value Added Tax                                   | 1,721,164   | 1,407,060   |
| PAYE Liability                                    | 652,522     | 652,522     |
| Suspense (Unallocated receipts)                   | 96,236      | 48,104      |
| Salary Suspense                                   | 7,050       |             |
| Creditors Suspense                                | 1,271,681   | 2,154,037   |
|                                                   | 4,034,475   | 5,198,500   |

| NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006                     |                 | 2006 | 2005            |
|-----------------------------------------------------------------------|-----------------|------|-----------------|
|                                                                       |                 | R    | R               |
| <b>13 ASSESSMENT RATES</b>                                            |                 |      |                 |
|                                                                       | Site valuations |      | Site valuations |
|                                                                       | At 30 June      |      | At 30 June      |
|                                                                       | 2003            |      | 2004            |
|                                                                       |                 |      | R'000           |
| Rateable Land                                                         | 90,482,100      |      | 774,121         |
| Valuations on land and buildings are performed every five years.      |                 |      |                 |
| The last valuation came into effect in 2003.                          |                 |      |                 |
| General rate was 4.91 c per Rand on land and 0.26 c on buildings, and |                 |      |                 |
| Commercial rate was 4.77 c per Rand on land and 0.25 c on buildings.  |                 |      |                 |
| Rebates were granted as follows:                                      |                 |      |                 |
| Residential - 0 %                                                     |                 |      |                 |
| The State receives a rebate of 20 % on their premises.                |                 |      |                 |
| <b>14 AUDITORS' REMUNERATION</b>                                      |                 |      |                 |
| Audit fees                                                            | 88,328          |      | 238,345         |
| <b>15 COUNCILLORS' REMUNERATION</b>                                   |                 |      |                 |
| Mayor's allowance                                                     | 126,046         |      | 239,387         |
| Deputy Mayor's allowance                                              | 93,195          |      | 99,683          |
| Speaker's allowance                                                   | 75,980          |      | 213,916         |
| Exco members                                                          | 538,645         |      | 564,300         |
| Councillors' allowances                                               | 1,581,709       |      | 1,759,842       |
|                                                                       | 2,415,575       |      | 2,877,128       |
| <b>COUNCILLOR BENEFITS</b>                                            |                 |      |                 |
| Travelling Allowance                                                  | 464,627         |      | 0               |
| Medical Aid                                                           | 177,154         |      | 0               |
| Cell Phone Allowance                                                  |                 |      | 0               |
| Office Allowance                                                      |                 |      | 0               |
| Housing                                                               | 79,118          |      | 0               |
| Councillor's Pension                                                  | 222,916         |      | 0               |
|                                                                       | 943,816         |      | 0               |
| <b>9. SECTION 57 EMPLOYEES' REMUNERATION</b>                          |                 |      |                 |
| Municipal Manager                                                     | 274,577         |      | 0               |
| Chief Financial Officer                                               | 271,566         |      | 0               |
| Director Corporate Services                                           | 211,674         |      |                 |
| Director: Community Services                                          | 140,658         |      |                 |
| IDP Manager                                                           | 106,899         |      | 0               |
|                                                                       | 1,005,374       |      | 0               |
| <b>10. SECTION 57 EMPLOYEES' BENEFITS</b>                             |                 |      |                 |
| Medical Aid                                                           | 34,601          |      | 0               |
| Pension Fund                                                          | 115,917         |      | 0               |
| Bonus                                                                 | 40,682          |      | 0               |
| Travelling                                                            | 171,457         |      | 0               |
| Leave                                                                 | 65,940          |      | 0               |
| Housing Subsidy                                                       | 23,556          |      | 0               |
| Back Pay                                                              | 9,858           |      |                 |
| Supplementary Allowance                                               | 11,912          |      | 0               |
|                                                                       | 473,922         |      | 0               |

| NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 |            |           |
|---------------------------------------------------|------------|-----------|
|                                                   | 2006       | 2005      |
|                                                   | R          | R         |
| <b>16 FINANCE TRANSACTIONS</b>                    |            |           |
| Total external interest earned or paid:           |            |           |
| Interest earned                                   |            |           |
| Interest paid                                     | 187,059    | 167,258   |
| Net external interest earned / (paid)             | 187,059    | 167,258   |
|                                                   |            |           |
| <b>17 APPROPRIATIONS</b>                          |            |           |
| Appropriation account                             |            |           |
| Accumulated surplus at the beginning of the year  |            |           |
| Operating surplus / (deficit) for the year        | 4,178,701  | (87,926)  |
| Adjustment to Opening Balance                     | -2,506,232 | 94,675    |
| Prior year adjustments                            | -4,183     |           |
|                                                   | -442,781   | 4,171,951 |
|                                                   | 1,225,605  | 4,178,701 |
|                                                   |            |           |
| <b>18 CASH GENERATED BY OPERATIONS</b>            |            |           |
| (Deficit)/Surplus for year                        | -2,506,232 | 94,675    |
| Adjustments in respect of:                        |            |           |
| Previous years' operating transactions            | -446,964   | 4,171,951 |
| Appropriations charged against income:            |            |           |
| o Capital Development Fund                        |            |           |
| o Provisions and reserves                         |            | -122,601  |
| Contributions to Capital                          |            |           |
|                                                   |            |           |
| Other Income charged to Operations                |            |           |
| Capital Charges:                                  | 524,020    |           |
| Interest paid:                                    |            |           |
| o to internal funds                               |            |           |
| o on external funds                               | 0          | 0         |
| Redemption                                        |            |           |
| o of internal advances                            |            |           |
| o of external loans                               | 0          | 0         |
| Investment income (operating account)             | -187,059   | (167,258) |
| Non-operating income                              |            |           |
| o public improvement fund                         |            |           |
| o provisions and reserves                         | 0          | -         |
|                                                   |            | 0         |
| Non-operating expenditure:                        |            |           |
| o Provisions and Reserves                         |            |           |
|                                                   | -2,616,235 | 3,976,767 |

| NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006              | 2006        | 2005        |
|----------------------------------------------------------------|-------------|-------------|
|                                                                | R           | R           |
| <b>19. (INCREASE) / DECREASE IN WORKING CAPITAL</b>            |             |             |
| (Increase) / decrease in provisions                            | 132,613     | 260,544     |
| (Increase) / decrease in inventory                             | 0           | 13,214      |
| (Increase) / decrease in debtors                               | -1,136,970  | -2,015,987  |
| (Increase) / Decrease in short term portion of long term loan  | 107,176     | -43,693     |
| Increase / (decrease) in deposits                              | 3,030       | 3,759       |
| Increase / (decrease) in creditors                             | -1,164,025  | -3,349,241  |
|                                                                | -2,058,136  | (5,131,404) |
| <b>20. INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b> |             |             |
| Loans raised                                                   | 0           | 0           |
| Loans repaid                                                   | 0           | (7,012)     |
|                                                                | 0           | (7,012)     |
| <b>21. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT</b>     |             |             |
| Investment realized                                            | -15,375,775 | 1,787,119   |
| Investment made                                                | 14,422,600  |             |
|                                                                | -953,175    | 1,787,119   |
| <b>22. (INCREASE) / DECREASE IN CASH ON HAND</b>               |             |             |
| Cash balance at beginning of the year                          | -63,482     | 199,615     |
| Less: Cash balance at the end of the year                      | 152,795     | (63,482)    |
| Amount transferred to Investments                              | 0           | 0           |
|                                                                | 89,313      | 136,133     |
| <b>23. CONTINGENT LIABILITIES</b>                              |             |             |
| Leave pay provision                                            |             |             |
| <b>24. CAPITAL COMMITMENTS</b>                                 |             |             |
| Commitments in respect of external capital expenditure:        |             |             |
| > Approved and contracted for                                  | 0           | 0           |
| > Approved but not yet contracted for                          | 0           | 0           |
|                                                                | Nil         | Nil         |
| This expenditure will be financed from:                        |             |             |
| > Internal sources                                             | 0           | 0           |
| > External sources                                             | 0           | 0           |
| <b>25. CAPITAL DEVELOPMENT FUND</b>                            |             |             |
| Outstanding advances to borrowing services                     |             |             |
| Accumulated fund                                               | 534,867     | 376,077     |
| Less: External investments                                     | 0           | -           |
| (Refer to appendices A and B for more detail)                  | 534,867     | 376,077     |
| <b>26. PUBLIC IMPROVEMENT FUND</b>                             |             |             |
| Outstanding advances to borrowing services                     |             |             |
| Accumulated fund                                               | 4,346,117   | 3,980,887   |
| Less:                                                          |             |             |
| Capital Outlay                                                 |             |             |
| Debtors                                                        | 0           | 0           |
| External investments                                           | 0           | 0           |
| (Refer to appendices A and B for more detail)                  | 4,346,117   | 3,980,887   |

|                                          |  |  |
|------------------------------------------|--|--|
| Appendix A                               |  |  |
| Statutory Funds, Reserves and Provisions |  |  |

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| Umkhandlu wakwa-NONGOMA MUNICIPALITY    |  |  |  |                |                 |                      |                          |                                         |                      |
|-----------------------------------------|--|--|--|----------------|-----------------|----------------------|--------------------------|-----------------------------------------|----------------------|
| APPENDIX B                              |  |  |  |                |                 |                      |                          |                                         |                      |
| EXTERNAL LOANS AND INTERNAL ADVANCES    |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  | Repayment Date | Interest rate % | Balance at 30/6/2005 | Received during the year | Redeemed or written off during the year | Balance at 30/6/2006 |
| External Loans                          |  |  |  |                |                 |                      |                          |                                         |                      |
| ANNUITY LOANS                           |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  |                |                 | 0                    | 0                        | -                                       | -                    |
| Toyota Financing                        |  |  |  |                |                 |                      |                          |                                         |                      |
| Wesbank                                 |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  |                |                 | 0                    |                          | -                                       | 0                    |
| TOTAL                                   |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  |                |                 | 0                    | 0                        | -                                       | 0                    |
|                                         |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  | Period         | Interest rate % | Balance at 30/6/2005 | Received during the year | Redeemed or written off during the year | Balance at 30/6/2006 |
| INTERNAL ADVANCES TO BORROWING SERVICES |  |  |  |                |                 |                      |                          |                                         |                      |
| Capital Development Fund                |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  | Various        |                 | 1,109,333            | 52,500                   |                                         | 1,161,833            |
| Public Improvement Fund                 |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  | Various        | 13,5            | 5,424,268            |                          |                                         | 5,424,268            |
|                                         |  |  |  |                |                 |                      |                          |                                         |                      |
|                                         |  |  |  |                |                 | 6,533,601            | 52,500                   | 0                                       | 6,586,101            |

| Umkhahluli wakwa-NONGOMA MUNICIPALITY |                                                    |                         |                     |                                                                             |                                     |                         |
|---------------------------------------|----------------------------------------------------|-------------------------|---------------------|-----------------------------------------------------------------------------|-------------------------------------|-------------------------|
| APPENDIX C                            |                                                    |                         |                     |                                                                             |                                     |                         |
| ANALYSIS OF FIXED ASSETS              |                                                    |                         |                     |                                                                             |                                     |                         |
| Expenditure<br>2005                   | SERVICE                                            | Balance at<br>30/6/2005 | Expenditure<br>2006 | Written off<br>transferred<br>redeemed or<br>disposed of<br>during the year | Adjustment to<br>Opening<br>Balance | Balance at<br>30/6/2006 |
| R                                     |                                                    | R                       | R                   | R                                                                           | R                                   | R                       |
| 823,560                               | Rate and General Services                          | 17,055,232              | 1,091,224           | 15,900                                                                      | (3,018)                             | 18,133,574              |
| 770,928                               | Community Services                                 | 15,812,600              | 920,199             | 15,900                                                                      | (4,038)                             | 16,520,937              |
| 21,824                                | Infrastructure                                     | 77,707                  |                     |                                                                             | (0.20)                              | 77,707                  |
| 546,013                               | Buildings                                          | 2,711,915               | 525,353.58          |                                                                             | (0.49)                              | 3,237,269               |
| 0                                     | Cemetery                                           | 234,060                 |                     |                                                                             | 0.49                                | 234,060                 |
| 128,532                               | Furniture & Equipment                              | 1,254,367               | 113,254             |                                                                             | (1.33)                              | 1,367,622               |
| 0                                     | Tools                                              | 23,696                  |                     |                                                                             | (0.91)                              | 23,697                  |
| 0                                     | Planning                                           | 0                       |                     |                                                                             |                                     |                         |
| 76,759                                | Plant & Equipment                                  | 279,254                 | 101,904.82          |                                                                             | (4,034.52)                          | 385,193                 |
| 0                                     | Vehicles                                           | 1,152,586               | 179,688.64          | 15,900                                                                      | 0.14                                | 1,316,373               |
| 0                                     | Fixed Assets (no details)                          | 9,242,947               |                     |                                                                             |                                     | 9,242,947               |
| 0                                     | Roads                                              | 636,068                 |                     |                                                                             | (0.81)                              | 636,069                 |
| 52,632                                | Economic Services                                  | 1,442,632               | 171,026             | -                                                                           | 1,019.65                            | 1,612,637               |
| 0                                     | Market                                             | 1,193,151               |                     |                                                                             | 1,019.59                            | 1,192,131               |
| 52,632                                | Sewerage                                           | 249,481                 | 171,025.08          |                                                                             | 0.06                                | 420,506                 |
| 0                                     | Trading Services                                   | 12,845,203              | 0                   | -                                                                           | (0.56)                              | 12,845,204              |
| 0                                     | Electricity                                        | 338,287                 |                     |                                                                             | 0.14                                | 338,287                 |
| 0                                     | Water                                              | 12,506,916              |                     |                                                                             | (0.70)                              | 12,506,917              |
| 0                                     | Public Improvement Fund                            | 2,664,174               |                     |                                                                             | (0.70)                              | 2,664,175               |
| 823,559                               | Total Fixed Assets                                 | 32,564,609              | 1,091,224           | 15,900                                                                      | (3,018)                             | 33,642,952              |
| Balance                               | Less: LOANS REDEEMED AND<br>OTHER CAPITAL RECEIPTS | Balance                 | Advanced            | Written off                                                                 |                                     | Balance                 |
| 823,559                               |                                                    | 28,537,003              | 15,608,703          | 13,200,007                                                                  | 0                                   | 30,945,698              |
| 0                                     | Loans redeemed and Other Capital<br>Receipts       | 115,654                 |                     |                                                                             | 0.45                                | 115,654                 |
| 293,234                               | Contributions ex operating income                  | 368,920                 | 147,887             |                                                                             | (530,326)                           | 1,047,133               |
| 530,325                               | Subsidies                                          | 0                       |                     |                                                                             |                                     | -                       |
|                                       | Grants and Donations                               | 28,052,429              | 15,460,818.10       | 13,200,007                                                                  | 530,326                             | 29,782,912              |
| 0                                     | Public contributions                               | 0                       |                     |                                                                             |                                     | -                       |
| 0                                     | Miscellaneous                                      | 0                       |                     |                                                                             |                                     | -                       |
| 0                                     | Net Fixed Assets                                   | 4,027,606               | -14,517,479         | (13,184,107)                                                                | (3,020)                             | 2,697,254               |

| Umkhandlu wakwa-NONGOMA MUNICIPALITY         |  |                                                |           |  |                  |                  |
|----------------------------------------------|--|------------------------------------------------|-----------|--|------------------|------------------|
| APPENDIX D                                   |  |                                                |           |  |                  |                  |
| ANALYSIS OF OPERATING INCOME AND EXPENDITURE |  |                                                |           |  |                  |                  |
| FOR THE YEAR ENDED 30 JUNE 2006              |  |                                                |           |  |                  |                  |
| Actual 2005<br>R                             |  |                                                |           |  | Actual 2006<br>R | Budget 2006<br>R |
|                                              |  | <b>Income</b>                                  |           |  |                  |                  |
| 16,428,656                                   |  | Government and Provincial grants and subsidies |           |  |                  |                  |
| 774,121                                      |  | Rates                                          |           |  | 22,926,903       | 25,887,904       |
| 1,242,078                                    |  | Sale of Water                                  |           |  | 834,701          | 1,232,726        |
| -                                            |  | Sale of Electricity                            |           |  | 1,236,295        | 3,185,848        |
| 1,903,250                                    |  | Other Income                                   |           |  | -                | -                |
| 167,258                                      |  | Interest received                              |           |  | 1,543,562        | 1,945,481        |
| 20,515,363                                   |  |                                                |           |  | (70,045)         | -                |
|                                              |  |                                                |           |  | 26,471,416       | 32,251,959       |
|                                              |  |                                                |           |  |                  |                  |
|                                              |  | <b>Expenditure</b>                             |           |  |                  |                  |
| 13,471,067                                   |  | Salaries, wages and allowances                 |           |  |                  |                  |
| 5,067,490                                    |  | General expenses-other                         |           |  | 14,324,610       | 18,139,957       |
| 0                                            |  | General expenses-Bulk Electricity              |           |  | 9,200,120        | 7,848,260        |
| 1,205,712                                    |  | General expenses-Bulk Water                    |           |  | 0                | 0                |
| 293,274                                      |  | Repairs and maintenance                        | (399,151) |  | 1,635,446        | 1,112,500        |
| 122,601                                      |  | Contributions to fixed assets                  |           |  | 3,018,956        | 620,926          |
|                                              |  | Contributions                                  |           |  | 218,570          | 1,141,755        |
|                                              |  | Departmental Charges                           |           |  | 52,500           | 57,255           |
| 260,544                                      |  | Leave Reserve                                  |           |  | 2,658,825        |                  |
| 20,420,688                                   |  | Gross Expenditure                              |           |  | 527,445          | 0                |
|                                              |  |                                                |           |  | 31,636,473       | 28,920,653       |
|                                              |  | Capital                                        |           |  |                  |                  |
|                                              |  | Less: Amounts charged out                      |           |  |                  |                  |
| 94,675                                       |  | Net Income & expenditure                       |           |  | -2,658,825       | 3,331,306        |
|                                              |  |                                                |           |  | (2,506,233)      |                  |

Umkhondlu wakwa-NONGOMA MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 June 2006

| 2005            |                      |                     |                                                       |                      |                           |                           |                                 |
|-----------------|----------------------|---------------------|-------------------------------------------------------|----------------------|---------------------------|---------------------------|---------------------------------|
| Actual Income R | Actual expenditure R | Surplus (Deficit) R |                                                       | 2006 Actual Income R | 2006 Actual expenditure R | 2006 Surplus/ (Deficit) R | 2006 Budget Surplus / (Deficit) |
| 19,266,222      | 20,308,852           | -1,042,630          | Rate and General Service                              | 25,231,035           | 28,977,648                | (3,092,462)               | (448,216)                       |
| 18,466,835      | 16,527,170           | 1,939,665           | Community Service                                     | 24,377,698           | 25,320,831                | (943,133)                 | 3,356,247                       |
| 774,121         | 0                    | 774,121             | Assessment rates                                      | 834,701              | 0                         | 834,701                   | 0                               |
| 0               | 5,392,562            | -5,392,562          | Administration                                        | -2,497               | 7,659,243                 | (7,661,739)               | (4,561,063)                     |
| 0               | 162,043              | -162,043            | Management                                            | 0                    | 459,279                   | (459,279)                 | (941,785)                       |
| 970,641         | 2,752,898            | -1,782,257          | Technical                                             | 7,917                | 5,937,309                 | (5,929,392)               | (6,248,636)                     |
| 0               | 5,047,486            | -5,047,486          | Council                                               | 0                    | 4,337,142                 | (4,337,142)               | (5,935,068)                     |
| 16,555,187      | 2,530,508            | 14,024,679          | Finance                                               | 23,351,576           | 8,468,740                 | 16,882,836                | 23,250,718                      |
| 0               | 22,738               | (22,738)            | Cemetery                                              | 0                    | 56,802                    | (56,802)                  | (389,893)                       |
| 165,502         | 1,175,943            | (1,010,441)         | General                                               | 0                    | 0                         | 0                         | 0                               |
|                 |                      |                     | Protection Services                                   | 180,217              | -1,160,173                | 1,340,390                 | (1,919,825)                     |
|                 | 93,349               | (93,349)            | Traffic                                               | 0                    | 385,340                   | (385,340)                 | (724,456)                       |
| 384             | 32,008               | (31,624)            | Roads                                                 | 0                    | 101,172                   | (101,172)                 | (590,646)                       |
|                 | (662,365)            | 662,365             | Water R&G                                             | 5,784                | 1,075,976                 | (1,070,192)               | 1,416,001                       |
|                 |                      |                     | Fixed Assets R&G                                      | 0                    | 0                         | 0                         | 0                               |
| 1,042           | 231,825              | (230,783)           | Subsidised Services                                   | 134                  | 327,066                   | 327,199                   | (363,075)                       |
|                 |                      |                     | Health-Primary                                        |                      |                           |                           |                                 |
| 1,042           | 231,825              | (230,783)           | Health-Environment                                    |                      |                           |                           |                                 |
|                 |                      |                     | Library                                               | 134                  | 327,066                   | (326,932)                 | (363,075)                       |
| 799,345         | 3,549,657            | (2,750,312)         | Economic Services                                     | 853,203              | 3,329,751                 | (2,476,548)               | (3,440,388)                     |
| 464,979         | 2,908,925            | (2,443,946)         | Refuse                                                | 495,915              | 2,664,841                 | (2,168,925)               | (2,963,720)                     |
| 334,366         | 640,932              | (306,566)           | Sewerage                                              | 357,288              | 664,911                   | (307,623)                 | (476,668)                       |
| 1,249,141       | 111,896              | 1,137,245           | Trading Services                                      | 1,240,381            | 0                         | 1,240,381                 | 0                               |
|                 | 60                   |                     | Electricity                                           |                      | 0                         |                           | 0                               |
| 1,249,141       | 111,836              | 1,137,305           | Water                                                 | 1,240,381            | 0                         | 1,240,381                 | 0                               |
| 20,515,383      | 20,420,746           | 94,637              | TOTAL                                                 | 26,471,416           | 28,977,648                | (2,506,232)               | (448,216)                       |
|                 |                      | 4,171,951           | Appropriations for the year                           |                      |                           | (442,781)                 |                                 |
|                 |                      | 4,266,826           | Net surplus / (deficit) for the year                  |                      |                           | (2,949,013)               |                                 |
|                 |                      | (87,928)            | Accumulated surplus / (deficit) beginning of the year |                      |                           | 4,174,518                 |                                 |
|                 |                      | 4,178,700           | ACCUMULATED SURPLUS/ (DEFICIT) END OF THE YEAR        |                      |                           | 1,225,505                 |                                 |

| Umkhandlu wakwa-NONGOMA MUNICIPALITY |  |  |  |         |  |          |  |
|--------------------------------------|--|--|--|---------|--|----------|--|
| APPENDIX F                           |  |  |  |         |  |          |  |
| STATISTICAL INFORMATION              |  |  |  |         |  |          |  |
| General statistics                   |  |  |  | 2006    |  | 2005     |  |
| Population                           |  |  |  | 230672  |  | 230672   |  |
| Registered voters                    |  |  |  | 77000   |  | 77000    |  |
| Area (km <sup>2</sup> )              |  |  |  | 2184    |  | 2184     |  |
| Total valuations: Rateable (R'000)   |  |  |  |         |  | 89001300 |  |
| Non-Rateable (R'000)                 |  |  |  |         |  | 1846000  |  |
| Commercial ('000)                    |  |  |  |         |  |          |  |
| Valuation date: 1 July               |  |  |  |         |  |          |  |
| Number of properties: Residential    |  |  |  |         |  |          |  |
| Commercial                           |  |  |  |         |  |          |  |
| Assessment rate: Basic (per Rand)    |  |  |  | 4.91    |  | 4.22     |  |
| Rebate: residential                  |  |  |  |         |  | 0        |  |
| Number of employees                  |  |  |  |         |  | 157      |  |
| Water statistics                     |  |  |  |         |  |          |  |
| Kl purchased                         |  |  |  |         |  |          |  |
| Kl sold                              |  |  |  | 295,764 |  |          |  |
| Kl lost in distribution              |  |  |  |         |  |          |  |
| Percentage lost in distribution      |  |  |  |         |  |          |  |
| Cost per kl sold (Avg)               |  |  |  |         |  |          |  |
| Income per kl sold (Avg)             |  |  |  | 4.18    |  |          |  |